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August 31, 2006

VIA ELECTRONIC FILING AND OVERNIGHT DELIVERY

Mary L. Cottrell, Secretary
Department of Telecommunications and Energy
One South Station
Boston, MA 02110

Re: Bay State Gas Company, D.T.E. 06-36

Dear Ms. Cottrell:

Enclosed for filing, on behalf of Bay State Gas Company ("Bay State"), are Bay State's responses to the following Information Requests:

AG 3-1 AG 3-2 AG 3-3 AG 3-4 AG 3-5
AG 3-6 AG 3-7

Please do not hesitate to contact me if you have any questions.

Very truly yours,

Patricia M. French

cc: Julie Howley Westwater, Esq., Hearing Officer
Jamie M. Tosches, Esq., Office of the Attorney General
Service List (Electronic Service per the Ground Rules)

COMMONWEALTH OF MASSACHUSETTS
DEPARTMENT OF TELECOMMUNICATIONS AND ENERGY

RESPONSE OF BAY STATE GAS COMPANY TO THE
THIRD SET OF INFORMATION REQUESTS FROM THE ATTORNEY GENERAL
D.T.E. 06-36

Date: August 31, 2006

Responsible: Francisco C. DaFonte, Director, Energy Supply Services

AG 3-1: Please state whether Bay State Gas Company ("Bay State" or "Company") has a resource portfolio manager, and provide the contract that the Company has between it and its existing resource portfolio manager ("Resource Portfolio Management Contract").

RESPONSE: No, as a general matter, Bay State does not utilize "a resource portfolio manager," nor has it ever sole sourced its portfolio or such activity for its portfolio to a single entity. However, the Company does conduct a comprehensive RFP process on a semi-annual basis to determine whether best cost offers can be obtained for the management of certain limited portfolio resources, such as those that involve storage. Typically, Bay State selects three to five counterparties with which it may enter into a short-term (6-12 month) agreement to manage these types of individual portfolio assets.

In addition, Bay State conducts a bidding process for the management of some, but not all, of its upstream assets.

Bay State continues to manage all of its on-system resources.

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AG 3-2: Please provide a brief description of the services that Bay State receives under its Resource Portfolio Management Contract.

RESPONSE: Please see Bays State's response to AG 3-01.

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Date: August 31, 2006

Responsible: Francisco C. DaFonte, Director, Energy Supply Services

AG 3-3: Please provide a brief description of the economic payments and margin sharing that the Company's shareholders and customers receives under its Resource Portfolio Management Contract.

RESPONSE: The economic payments vary from year-to-year depending on market conditions, however the payments are typically all fixed payments and there is no sharing between Bay State and its counterparty. The margins are shared between Bay State and its customers in accordance with the non-firm margin formula for off-system sales, capacity release, interruptible sales and interruptible transportation established in Docket DTE 93-141-A.

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Responsible: Francisco C. DaFonte, Director, Energy Supply Services

AG 3-4: If this Resource Portfolio Management Contract is long-term, please provide the order in which the Department approved that contract.

RESPONSE: Please see Bay State's response to AG-3-01.

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RESPONSE OF BAY STATE GAS COMPANY TO THE
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AG 3-5: Identify the termination date of the Resource Portfolio Management Contract, describe any plans that the Company has to replace its capacity manager upon expiration of that contract, and describe any steps that the Company has made towards obtaining a new capacity manager.

RESPONSE: Please see Bay State's response to AG-3-01.

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Responsible: Francisco C. DaFonte, Director, Energy Supply Services

AG 3-6: If the Company does not have a Resource Portfolio Management Contract, please describe any plans that it has to solicit proposals to enter into one.

RESPONSE: Please see Bay State's response to AG-3-01.

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AG 3-7: Please state whether Bay State intends for its resource manager to manage the 30% capacity reserve that it would acquire if the Department approves its proposal put forth in this docket.

RESPONSE: Bay State will determine the best-cost approach to managing the 30% reserve in a similar fashion as that described in its response to AG 3-01. That is, the Company feels that an RFP process is the best way to derive the best value for the management of any resource. Moreover, depending on whether the resource is on-system in the form of LNG and/or propane or upstream, will have a direct impact on Bay State's decision to outsource the management of the 30% reserve since the Company does not currently outsource the management of any on-system assets.